

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

MATRIX ENERGY, LLC)
FOR DETERMINATION OF)
RETAIL ELECTRIC SUPPLIER)

CASE NO. 2003-00228

RESPONSE OF KENTUCKY POWER COMPANY
D/B/A AMERICAN ELECTRIC POWER

Kentucky Power Company d/b/a American Electric Power ("AEP") for its
Response to the Application of Matrix Energy, LLC ("Matrix") states:

1. Upon information and belief, AEP admits the allegations contained in paragraphs (a) and (b) of the Application.
2. Upon information and belief, AEP admits the first three sentences of paragraph (c) and that the mine entrance will be located in the Big Sandy RECC ("Big Sandy") service territory near the boundary line between the Big Sandy and AEP service territories. Upon further information and belief, AEP states in response to the fourth, fifth and sixth sentences of paragraph (c) of the application that at least 80% of the mineable reserves of the proposed Matrix mining operation are located in the AEP service territory. Upon further information and belief, AEP admits the remaining allegations of paragraph (c) of the application.
3. AEP admits the remaining allegations of the application.
4. In further response to the Application, AEP states:

- (i) Matrix requires three phase service for its mining facilities.

Pursuant to Big Sandy's consent, AEP is providing three phase electric service to the Matrix mining operation in connection with the preparation of the proposed Matrix mine entrance;

- (ii) The point at which AEP's 69 kV Dewey-Inez transmission line will be tapped to provide service to the mining facility is located approximately 1.5 miles from the mine entrance;

- (iii) AEP's 69 kV Dewey-Inez transmission line was placed in service in 1975. AEP's 138 kV Beaver Creek transmission line, which traverses Matrix' mineable reserves, was placed in service in 1967;

- (iv) AEP has had single phase distribution lines in the area since approximately 1951;

- (v) AEP has adequate and dependable transmission facilities in the area capable of being used to provide to Matrix dependable, high-quality retail electric service at reasonable costs, and at the voltage requested by Matrix;

- (vi) AEP believes that permitting Big Sandy and AEP to serve those portions of the Matrix mining operation in their respective certified territories will result in duplication of facilities. Permitting AEP to provide service to the entire Matrix mining operation will prevent the duplication of those facilities.

- (vii) AEP is ready, willing and able to provide the requested service pursuant to AEP's terms and conditions of service.

WHEREFORE, Kentucky Power Company d/b/a American Electric Power respectfully requests that the Commission enter an order directing Kentucky Power Company d/b/a American Electric Power to provide retail electric service to the entire Matrix Energy, LLC mining facility.

Respectfully submitted,



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COUNSEL FOR KENTUCKY POWER
COMPANY D/B/A AMERICAN ELECTRIC
POWER

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Response to Application was served by United States First Class Mail, postage prepaid, on 14th July, 2003 upon:

Rebecca S. Gohmann
Matrix Energy, LLC
107 Dennis Drive
Lexington, Kentucky 40503

Big Sandy RECC
504 11th Street
Paintsville, Kentucky 41240-1422



Mark R. Overstreet

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